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Old Wine, New Bottles: Paper Terrorism, Paper Scams and Paper "Redemption"

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1. Introduction

In the spring of 1999 a group of anti-government extremists created an elaborate web of pseudolegal and pseudohistorical doctrines that brought together longstanding beliefs in the so-called "patriot" or "constitutionalist" movement into an overarching structure. These theorists suggested, moreover, that people could manipulate this system into allowing them to discharge debts and redress grievances, all to their profit and advantage. The theorists combined longstanding "common law" ideology with tactics for achieving wealth and combating enemies. They held seminars and sold materials designed to teach people the theory and practice of this system.

They called it "Redemption."[1]

Within just months, this scheme spread across the country. At last count at least 26 states had reported some activity. It is probably accurate to say that almost all states have experienced activity, whether it was recognized as such or not. One problem in defining Redemption's extent is that it involves many separate actions, involving private entities as well as federal, state, and local government agencies. But each entity sees only a portion of the whole scheme, and may not even recognize that a pattern exists.

This report has several purposes. It seeks to 1) gather such information is currently available on the Redemption scheme (as of mid-October 1999) and explain it as coherently as possible, 2) identify, to the extent possible, the activities conducted and the players involved in the scheme, and 3) to encourage law enforcement officials, prosecutors, and others to look carefully at this tactic.[2]

2. The Pitch

The Redemption scheme, at its heart, consists of the bizarre notion that a bankrupt United States converted the physical bodies of its citizens into assets against which it could sell bonds, and that knowledgeable people can "redeem" these assets and, through manipulating them and various imagined accounts, use them to their advantage. Much of the rhetoric is, as is common with "sovereign citizen"/"common law" theories, nearly incomprehensible and often laced with

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Biblical references used as points of law.[3] Moreover, also common with such theories, the language is often deliberately obtuse, so that the explanation is difficult to follow. The reason for this is that when people who attempt the strategies run afoul with authorities, proponents can claim that the strategy was simply not applied correctly and that correctly following the steps would certainly result in victory. This rationale was used previously by proponents of the various bogus money order schemes common in the early to mid 1990s, as well as in numerous other scams developed by patriot theorists.

The pitch is generally delivered in one of two ways. The most common way appears to be through holding seminars to teach people the process. To date, seminars are known to have been held in Oregon, Nevada and Texas, although it is a certainty that there have been others elsewhere. The second method of disseminating the scheme is through selling videotapes, audiotapes, and manuals that describe the process. Several extremist publications have been instrumental in this method of dissemination.

The real attraction of the Redemption scheme, despite its outlandish propositions, is that it carefully ties together a number of popular patriot myths and misconceptions into one large structure. Many of the people who attend such seminars already come "knowing" that their name spelled with all capital letters is somehow different from the same name spelled in upper and lower case, and "knowing" that the government went bankrupt when it went off the gold standard, even if they don't understand exactly how. The Redemption scheme not only reiterates these myths, but cleverly links many of them together into one explanation. As a result, it is very compelling to many of the people who come across it.

The following explanation of the pitch that the Redemption scheme uses is drawn from a number of different sources, including seminar materials, articles about the scheme written in extremist publications, and documents on the World Wide Web. This explanation attempts to synthesize these various sources in order to give the reader a general idea of what the Redemption scheme is supposed to do. It should be noted that the actual materials are much more difficult to understand and in fact often are contradictory, sometimes even self-contradictory.

The heart of the Redemption scheme is one of the oldest and most dearly held of all patriot myths: the Federal Reserve conspiracy. In 1909, according to this myth, the United States could no longer pay its debts and entered into negotiations with international bankers, who gave the U.S. a 20-year moratorium on paying its debt in return for the establishment of a Federal Reserve Bank to be owned by international bankers. Two decades later, suggests the myth, the United States defaulted on this debt and went into bankruptcy, which is what really started the Depression. Four years later, in 1933, Franklin Delano Roosevelt, by creating a "national emergency" and taking the country off the gold standard, ended legitimate constitutional rule. From that point on, the government operated largely through deception (as to its unconstitutionality), deliberately mixing public, private, and martial laws, rules and practices. Redemption theories in particular reference House Joint Resolution 192 (HJR 192), passed in 1933, which they interpret as a declaration of bankruptcy.

Many patriot theories start similarly. The Redemption scheme takes a dramatic departure in arguing that because there was no longer any legal money (i.e., gold and silver) after 1933, the U.S. government had to find some other way to discharge its debt. It did this by seizing the *energy* of the country, in the sense of energy produced by individuals. In 1936, suggests Redemption theory, with the advent of Social Security, the U.S. government began to take birth certificates and place them with the Department of Commerce as "registered securities." These certificates represented all of the work and labor of each citizen, as well as everything each citizen owned or would ever own. According to one theorist, a pledge was made for each certificate in the amount of $630,000 (another pegs it at $1,000,000). Thus everybody and

everything in the United States is simply collateral for the bonds issued by the U.S. government.

When you were born, the state became the recipient of your future energy output, as a "title security document," which it converted into a bond sold on the open market to finance the government. The holder of that bond is the secured party to receive your future energy output. Does the bondholder own you? No, not exactly, but he or she does own essentially everything you do. Each person, in fact, has a mirror entity which represents that output. This is called, we are told, the "nom de guerre" or, more commonly, the "straw man." In essence, it is an appropriation of a somewhat older patriot myth that there is a significant meaning behind the various ways it is possible to spell one's name. If a patriot gets a summons addressed to JOHN DOE, he may refuse that summons because his name is not spelled with capital letters. The issue is intricate, but what is important here is that Redemption theorists appropriated this notion and enfolded it neatly into their explanation of government. Of course, JOHN DOE is different from John Doe. JOHN DOE is not you, it is the mirror entity set up to represent your energy output. Every man, woman and child has a straw man. When you sign your name to something, you are putting property into the hands of the United States and its bond owners, not into your own hands. In fact, your hands are not really your own; they are the straw man's.

Redemption theory gives Redeemers a way to use this alleged situation to their advantage. The thing to do, they say, is to retake control of your straw man. Once you control the straw man, then you control the rights and titles of the property that the straw man acquires, and a whole lot more. Redemption theorists argue that the government has title to your straw man *by presumption only,* but that if you rebut its presumption, you can gain title to it. Much of the language regarding this issue parallels earlier language suggesting that you could become a "sovereign citizen" and the government would have no hold on you any more. Redemption theorists artfully reuse that language. They also cleverly act upon the experiences of many patriots in court, where their pseudolegal arguments come to naught when confronted with the real court system. Redemption theorists claim that all of the court's arguments are being brought to bear against your straw man, which is presumed to be identified with you. Because you did not know it, and did not rebut their claim, it was held as "truth in commerce." Thus all patriot failures in court are explained away, because they were unfamiliar with the concept of the straw man and did not have control of theirs.

How do you take back your straw man? Well, reply Redemption theorists, one consequence of the events of 1933 is that there is now a private side and a public side to the government (the government is often called the "democracy corporation" in these writings). Currently, your birth certificate is in the public side of the government. But you want to get it over to the private side of the government, because this side is "the highest priority of recognition by the military State." So the public side would no longer have priority. The way to do this is through UCC-1 filings of one's Birth Certificate with the Secretary of State of his or her state. This allows you to "redeem" yourself from the public side of the government, after which "the living soul has the right of property ownership in himself through his straw man who now belongs to the living soul." Some redemption documents refer to this process as creating a "corporation sole." One should not dawdle in redeeming one's straw man, because some sources suggest the last legal date to do so is December 31, 1999.

Is controlling your straw man a good thing? It certainly is. Not only do you now own what the straw man owns, rather than the state, but you can take advantage of the fact that you are the owner of the straw man. This is because, redemption theorists say, "a name is CREDIT." If any unauthorized person uses your name or the straw man's name, they have violated the laws of "slander of credit." This becomes a federal securities violation.

Once you have redeemed your straw man, you can then use commercial process to "discharge

public funds with private funds and allow the straw man to spend these public funds that have been converted to private funds for goods and services in a tax exempt and levy exempt mode." If it sounds confusing, it is. In essence, it is way of "establishing" fictitious bank accounts that can then be used to discharge various debts. Texas Redemption theorists claim that when you become the "holder in due course" of your straw man, the governor becomes responsible for claims on your straw man. Says one theorist: "It's very much like if the Governor co-signed on a loan for your car for you and you stopped making the payments, the bank then looks to HIM for the payments. I don't know about you, but personally I LOVE THIS IDEA!!! Now if I get a traffic ticket, I can just let the Governor pay the fine, since he is the surety for the Straw Man and is liable for all debts/fines/judgments incurred by the Straw Man."

The key to getting this particular goose to lay golden eggs is easy. It can begin with your paycheck. Your employer must pay in public funds (i.e., federal reserve notes, or illegitimate money), because that it all it has. It will deposit these funds into your straw man's bank account. Redeemers are told to have their straw man "do acceptance for value of the solicitation set forth in the bank statement." What this essentially means is that you are claiming that the bank owes you that amount in *real* money, not "public money." You hold the true legal title to the property (i.e., money) the bank has offered you.

However, the bank cannot turn over true legal title of these public funds to you, because the whole public side is bankrupt and does not own anything by legal title. This is the advantage you can use, say the Redemption theorists. If the bank does not produce title within 72 hours, a "condition of dishonor" occurs and the straw man can do a "Banker's Acceptance" to the dishonored agreement. In essence, your straw man becomes a bank, because it is attempting to collect the security underlying the contract with the real bank. A banker has the capacity and authority to create a Bill of Exchange drawn upon the debtor, payable to the straw man. So the straw man creates a Bill of Exchange, then deposits the bill of exchange with the U.S. Secretary of the Treasury "in his private side capacity." The Secretary becomes a "correspondent bank" to the banking of the straw man and keeps an account balance. This balance is numbered with the number of the Certified Mailing Label on the first letter of deposit sent to the Secretary. Each account is mirrored with public funds—though why this should be so, exactly, is a little fuzzy—and this public fund mirror account, called the Treasury Direct Account, is numbered with a social security number.

Once the Secretary of the Treasury has generously established this account for you, your straw man can direct the Secretary to release the private side funds from the Treasury Direct Account. You can do this with a money order and a UCC-3 "partial release instrument" registered with the Secretary of State. There is additional paperwork you must do, including filling out an IRS Form 1040ES (instead of a 1040) in order to report the location of the public funds, so that the IRS can collect them from the bank that owes you originally.

So far it seems like a lot of work. What do you get out of it, other than the joy of filling out forms? For one thing, you get the opportunity to pay off your "public liabilities." These could include items like traffic tickets, mortgages, or even criminal charges (at $4 million per federal criminal charge, though where this number comes from is uncertain). One does this through "sight drafts" offered to these mortgage companies, etc. Such companies would then present the sight drafts to the federal government, which would adjust the appropriate "internal accounts."

The tactic is called "acceptance for value," and in fact, sometimes the whole Redemption scheme is referred to by this term. Essentially, what you are told to do is to "accept for value" anything that is given to you—a traffic ticket, a court summons, etc. You can place a value on this document and adjust your internal Treasury accounts accordingly, allowing you to write more sight drafts. Of course, the rationale allowing you to do all this is quite complicated, but that's

the practical result. Redemption theorists make extravagant claims about discharging debts, even suggesting that the IRS has acknowledged tax bills of up to $400,000 discharged by this process. Many people apparently skip to the chase and begin writing the sight drafts, often without even bothering to fill out all the UCC forms they were supposed to.

Unfortunately for Redemption theorists, not everybody in the government is inclined to agree with their interpretations of law. Often people who engage in Redemption activities find themselves stymied at one point or another. But Redemption theorists provide methods to redress these wrongs. If one "accepts for value" a traffic ticket, for instance (at, say $1 million, which seems to be the going rate), then one can demand that the police officer fill out an IRS Form 8300, ordinarily required to be filed for currency transactions of over $10,000 (to fight money laundering). If the officer refuses—which one would presume would be the likely result—the Redemption practitioner may simply file it him or herself in the officer's name. This has the same effect as the fake IRS 1099 forms that extremists have been filling out for years—it causes the IRS to think that the public official has received a large sum of (unreported) money. Similarly, some practitioners file Fiduciary Tax Reports with the IRS.

3. The Symptoms and Effects

Even if one cannot quite understand how Redemption is supposed to work—and there should be no blame attached for any such failure—it is possible to see the effects that Redemption has in practice. These are useful in terms of identifying the symptoms of the scheme as well as some of its adverse and criminal results.[4]

Initial UCC Filings

In order for Redemption proponents to redeem their straw man, they must follow certain steps, and the first of these involve UCC filings. These filings are an important first indicator of the extent to which this scheme may exist in an area. Proponents of Redemption tell followers to "register" the straw man using UCC-1 forms both with the Secretary of State's office (UCC Division) and the county recorder, "or with any Secretary of State which will accept it." Redemption proponents have discovered that some offices refuse to accept such filings, while others will accept virtually anything. So they are not very particular about who accepts it, just as long as someone does.

The fact that they file with the Secretary of State is a fortuitous happenstance, because it means that there is a centralized repository for much of these filings, whereas in many previous such schemes, filings were only done at the county level, meaning that a state that wanted to track the scheme had to contact every single county. Although it is certain that not every filing is duplicated at the state level in this scheme, the fact that many are is very useful.

The UCC-1 filings so far have varied considerably in form, but they share certain distinguishing characteristics that make them readily identifiable. One key characteristic is that on the form, the debtor and the secured party will seem to be identical, which ought to strike one as unusual, since usually one does not owe money to oneself. In the mind of the Redeemer, of course, this actually represents two people, the flesh-and-blood person and the straw man. Many times the name of the debtor (straw man) will be all capitalized, or will be provided last name first, while the name of the creditor will have upper and lower case letters and will be written last name last. Under the blank asking for a description of the property covered by the financing statement will usually appear the person's name and address (they are redeeming themselves). Usually they will also provide a social security number, which they may describe as an Employer Identification

Number. Often they will provide a gratuitous reference to HJR 192, or UCC Article 10, Section 104. Sometimes they will sign for both the debtor and the secured party, while other times they may attempt to leave one space blank.

Sometimes the stylings on the form become quite elaborate. Some forms include a Social Security Number for the debtor, but an Employer ID number for the secured party. Frequently the phrase "Debtor is a transmitting utility" will be used, often in several blocks in the form. One property description frequently seen, which gives an idea of the sort of language used, is as follows: "Debtor is a transmitting utility. The entry of the debtor, Doe, John, in the commercial registry and the following property: 1234 Happy Lane, Smallville, Ohio 54321, copy attached; all the property is accepted for value and is exempt from levy. Adjustment of this filing is from Public Policy HJR-192 and UCC 10-104. All proceeds, products, accounts and fixtures and the orders therefrom are released to Debtor."[5]

Sometimes a letter is attached to the filing that identifies all the various names for the straw man that apply. For instance, the letter may read: "This filing is not limited to the straw man/dummy entity known AS SMITH, JOHN QUENTIN. This filing also applies to the strawman/dummy entities SMITH, JOHN; SMITH, JOHN Q.; SMITH, JOHNNY; SMITH, JOHN QUENTIN; SMITH, JOHNNY Q.; SMITH, JOHNNY QUENTIN; or any derivative thereof."

Usually, Redemption proponents include a variety of other documents with the forms they attempt to file. These can include property descriptions, mortgage documents, birth certificates, Social Security cards, and drivers licenses, among others. Taken together, these documents and distinguishing characteristics make Redemption filings relatively easy to recognize.

In addition to UCC-1 filings, proponents will also file UCC-3 documents, usually as an indication of bogus Sight Drafts that they have passed or are about to pass. These documents are similar in most respects to the UCC-1 documents, in terms of debtor and secured party names, etc., but have different text. One of the most distinguishing characteristics is that the text orders the Secretary of State to perform certain functions. One example from Ohio illustrates their nature: "DEBTOR IS A TRANSMITTING UTLITY. PARTIAL RELEASE FROM UCC-1 AP0169252 on 17 August 1999. COLLATERAL ACCOUNT: Invoice Number: Z 292 745 201, for the amount of $100,000.00 as per Money Order #Z 292 745 201 Payable to NATIONAL AMERICAN INSURANCE COMPANY, BEVENS LAW OFFICE, WM. WRAY BEVENS, 112 N. Market Street, Waverly, OH 45690. SECRETARY OF STATE is to adjust my Account #AP0169252 Dated 17 August 1999. SECRETARY OF STATE is to forward directly to WM. WRAY BEVENS the Acknowledgement Copy hereto attached and to adjust my Account."

Secretary of the Treasury

The Redemption scheme not only urges people to make county and state filings, but also tells them to send filings to Lawrence H. Summers, the Secretary of the Treasury of the United States. The overworked Mr. Summers presumably will not open all of these himself, but nevertheless his office gets them. This is essential to the scheme, as it helps to magically create the fictitious accounts that are then manipulated with sight drafts. Redeemers are urged to send a cover letter to Summers, along with a copy of the birth certificate filing and the original "Bill of Exchange."

Acceptances

Once the straw man has been redeemed, a Redeemer will gladly "accept for value" any item such as a ticket, a warrant, court orders, or financial statement. This acceptance may be followed by a

notice giving the other party 72 hours to respond. Redeemers are prompted to address these people by their "private name," as in "John Doe, d.b.a. Judge of the United States District Court," rather than "District Court Judge John Doe." The notion is that once one gives them "private notice" of this acceptance, then there are no more "public" charges (as in debts or criminal charges) and any subsequent actions would be to "act under color of law by disguise upon the commercial highway."

Acceptance for value statements usually will take the form of a "contract" laid over the initial "offer" (i.e., ticket, etc.). This document will often include a "Treasury Direct Account Number," a "Memory of Account Number," a "Posted Certified Account Number," the amount of money for which the item was "accepted," the date, an invoice number, and a signature. In some cases Redeemers will simply write all these items on the document itself. Here is the text of one such "acceptance for value," written on a warrant for the Redeemer's arrest: ""Non-Negotiable'/Charge back/Lawrence Summers, Sec. Of Treasury of the United States/I accept for value all related endorsements front and back in accordance with UCC-3-419 in accord with HJR-192. Please charge my Treasury Direct Account #123-45-6789 for the registration fees and command Memory of Account #123-45-6789 charge the same to the debtor's order, or your order/Posted Certified Account #: Z240 181 658/Value: $1,000,000,000,000.00/Invoice number: STS7777777778/E.I.N. 123-45-6789/Prepaid Preferred Stock/Property Exempt from Levy/Signature."

Bills of Exchange

As mentioned above, once something has been accepted for value and (presumably) ignored, the Redeemer can create a Bill of Exchange by filing UCC-3 addendums with the Secretary of State. Redeemers are encouraged to notify the public officials of this fact. One of these bills will generally consist of a description of the collateral (such as, say, all the personal property of a state highway patrol officer, as well as all the property of a county government), an outrageous "value" of the Bill of Exchange, and various mentions of HJR-192, direct accounts, and the like.

Sight Draft

From a law enforcement point of view, one of the most important things about the Redemption scheme is that it generates bogus Sight Drafts which are used to pay for various items or debts. Although some extremists skip the paperwork and cut straight to creating the fictitious financial instruments, proponents of the Redemption scheme have created a process that people are supposed to follow in order to be able to use Sight Drafts. Once one has created a "Bill of Exchange," one can then go about creating Sight Drafts in order to discharge the "public claims."

One of the most important such aspects may be that such Sight Drafts are supposed to be registered with the UCC Division of the Secretary of State, along with a UCC-3 "partial release" form. In fact, the registration numbers are supposed to appear in the upper left-hand corner of the Sight Draft. Through monitoring such filings, it may be possible to discover some of the Sight Drafts and their creators. The Sight Drafts are also accompanied by a one or two page "letter of instruction" explaining what the Sight Drafts are and how they are to be handled, as well as a cover letter and a copy of the UCC-3 document which ostensibly justifies the Sight Draft.

In the past, fictitious financial instruments created by anti-government extremists generally came

from centralized sources that created and distributed the instruments. The Redemption scheme is different in that people are encouraged to create their own Sight Drafts. Redeemers are given instructions as to what they ought to look like. Sometimes computer programs are sold which can generate the drafts; sometimes people are told to have them made at particular printing establishments.

Some of the sight drafts may be very sophisticated, including watermarks, routing numbers, and other features. However, they will typically share certain attributes. They will commonly reference HJR-192, they will be payable by the U.S. Treasury (sometimes given with an incorrect address), they will often reference Treasury Direct Account numbers or Employer ID numbers, and they may have other odd references to the UCC.

Others

Redemption proponents offer a variety of tactics to use if other people do not see eye to eye with the Redemption process. These include "acceptance for value of the offer in commerce, and process their commercial claim for the damages," which apparently would mean a frivolous lawsuit. Other suggestions include habeas corpus filings, frivolous appellate court filings, and "resort to superior military action by filing a claim with the military commander in your area, after the civil process has broken down."

One disturbing tactic used by Redeemers is misuse of IRS Form 8300. This form is the cash transaction report that should be filed for cash transactions of over $100,000; it is designed to help combat money laundering. Redeemers are encouraged to "report any trespassers, upon which you have done 'acceptances,' chargebacks and Bills of Exchange, to the IRS by way of 8300 filings and 1040ES reports on them."

In order to fill out such 8300 filings, Redeemers will try to get the social security numbers of police officers, public officials, etc. This will sometimes result in a rash of W-9 filings, which are a request for taxpayer ID numbers. One extremist in Texas used these methods as a way to get back at a city attorney who filed a lien on his property when he did not mow it. The extremist used the W-9 forms, Bills of Exchange and other documents to suggest the attorney owed him $4.1 million, with all of the attorney's property to be held as collateral.

4. The Practitioners

The Redemption scheme has spread far and wide in only a few months. The sight drafts alone have been spotted in at least 26 different states. It seems likely that at the very least, UCC filings have appeared in every state. For this report, the Secretary of State offices in eight states were contacted: Ohio, Missouri, North Carolina, Arizona, Pennsylvania, Nebraska, Minnesota and Maine. Ohio, a state where it was known there was considerable activity, reported such UCC filings were coming in every single week. In fact, there were one or two individuals who would bring people in and walk them through the process of making the UCC filings. Missouri, a state with considerable extremist activity, reported a moderate amount of such activity. North Carolina, also a state with considerable activity, reported a large number of such filings. Arizona officials reported there had been up to fifty such filings in recent months. Pennsylvania reported about forty such recent filings, most in two large clumps, probably indicating that seminars had just recently been held in that state. Nebraska, a state with a low level of activity, reported a handful of such filings, while Minnesota reported somewhat more. Maine, another state with a

low level of extremist activity, reported one recent filing. In most of these cases, officials had no idea what to make of such filings. About half the states contacted unfortunately accepted the filings, while the other half did not.

The Redemption scheme apparently originated in the early spring of 1999. Seminars were held in various places during the summer, and in the fall of the same year, it seems to have become very widespread. Sometimes people would travel great distances to attend the seminar; there are records, for instance, of someone from North Carolina attending a seminar in Texas.

Oregon

Exactly who came up with the Redemption scheme is not certain (although see below), but there seem to currently be at least three main groups promoting it. The first group may well be the oldest, and it is based in Oregon. The Oregon nexus seems to be centered on one Samuel Lynn Davis, who has held seminars and written articles on the subject for the extremist publication The American's Bulletin. Davis claims to have been the person who thought up the idea, based on an older document he read. Closely linked to Davis is Robert Kelly, publisher of the Bulletin, who allegedly helped Davis with research and certainly helped him with promotion. Another player on the Oregon scene is known only in the pages of the magazine as "Qui Tam." Davis also acknowledges three people, "Les, Butch, and Terry," for their research and help. The first of those three individuals is one Les Moffet, known to have helped run Redemption seminars.[6]

In recent issues of the Bulletin, the Oregon crowd started backing away somewhat from the use of sight drafts, saying that "Mr. Davis does not promote, suggest, nor advises in any way for one to use a sight draft." The magazine suggested that people who did not understand the sight draft used it improperly, either submitting it to a bank for deposit without bothering with the UCC process, and they will likely "end up in jail." Mr. Davis and the Bulletin, readers were informed, would not accept any responsibility for the mis-use or problems created by the use of Sight Drafts.

The Oregon group also recommends one particular printer who is willing to print the bogus Sight Drafts used in the Redemption scheme. These "custom sight drafts" designed especially for the scheme, can be purchased by The Edge Graphics. They are printed on blue check paper with a VOID pantograph, micro printing, artificial watermarks and a warning band. The price is about $1 per draft.[7]

Davis and Kelly are not the only people in Oregon promoting the Redemption scheme. A former Kelly associate, F. Hayes, who broke with Kelly and went on to publish his own newspaper, The American Voice, has also promoted Redemption materials. In the July 1999 issue, Hayes published an article titled "Commerce Game Exposed: Learn to Play; Accept It for the Value," in which he outlined the essence of the Redemption scheme and advertised an instruction manual for $15.00. By the September issue, Hayes was enthusiastic about the response to the redemption manual so far. He also complained that there "are those out there who are taking advantage of the great interest people have in this process. They are selling the information, which they got for free (as we did), for exorbitant prices."[8]

In fact, both Kelly and Hayes apparently did get their information from a single source, as did other promoters of the redemption scheme. Multiple sources from within the patriot movement confirm that the originator of the redemption notion was Roger Elvick (or, according to one source, Elvick and two other, unidentified people).

Roger Elvick is a veteran anti-government activist who has been associated with various right-wing extremist and white supremacist causes over the past several decades. While living in North

Dakota in the early 1980s, he was apparently active in the Posse Comitatus—although he denied this at the time—and supported Gordon Kahl, the Posse activist who murdered two federal marshals near Medina, North Dakota, in 1983. Although connected to various groups, including allegedly Aryan Nations and the Barrister's Inn School of Common Law (reportedly Elvick later started his own Nitty Gritty School of Common Law), he came to prominence in 1984 as one of the founders and spokesmen for the Committee of the States, an offshoot of the Posse Comitatus created by Californian William Potter Gale, a prominent Posse leader and white supremacist. By then, Elvick was living in California, where he and his son had created an entity called the Common Title Bond and Trust in California.

The main purpose of Common Title was to issue various bogus financial instruments, including sight drafts, bills of exchange, and checks. By June 1987, these instruments had been reported in about thirty states and at least one Canadian province. That month the Federal Bureau of Investigation seized documents belonging to Common Title, as well as an affiliated business in Phoenix, Arizona, Pima and Associates, apparently run by John Godfrey. Elvick, Godfrey, and various associates took advantage of the serious farm crisis of the 1980s, selling the sight drafts to farmers who would ostensibly use them to pay off their farm debts, making payments to Common Title instead. Of course, banks would not accept the sight drafts. According to Godfrey, Pima and Associates alone wrote between $50 and $70 million of those sight drafts in the summer of 1987. Similarly, in Kansas, James E. Patterson sold sight drafts for $757,000 to pay off the debts of a tire company in Wichita. He received $14,000 and a promised payment program for the drafts, which came from Common Title. Federal and state indictments were handed down in Kansas, North Dakota, Ohio, and South Dakota, while other states filed consumer fraud suits or issued cease-and-desist orders. Convictions and judgments against individuals using such sight drafts continued through 1989.

In April 1990 a federal grand jury in North Dakota indicted Roger Elvick, and three associates. The four were charged with nineteen counts, mainly related to mailing false tax returns, as well as false IRS 1099 forms filed to harass people. They were also indicted for using sight drafts. Two months later the defendants were convicted on all 19 counts. Elvick, however, was already in jail. He had been convicted in Texas on federal charges of passing more than $1 million in bogus sight drafts. These drafts purported to be certified IRS sight drafts. The false 1099 form scheme—which was eventually used by about 400 different people issuing nearly 4,000 such forms for amounts of more than $21 billion—was basically Elvick's idea, which he compiled into a booklet interestingly titled, "The Redemption Package." Elvick received a sentence of nearly four years for his role in the scheme.

Thus the essential criminal elements of the Redemption scheme, including bogus sight drafts and bogus IRS forms, all had their origins over a decade earlier. The judge who sentenced Elvick aptly characterized his behavior accurately when he complained to Elvick that "I want to be courteous if I can to you, but I can't understand the way you so easily and glibly throw around constitutional terms with no apparent logic." The judge told Elvick and the other defendants that he had no hope that prison would rehabilitate them or deter them. Instead, he hoped the sentence would send a message to deter others from getting involved in such schemes. Judging by the subsequent success of the Redemption scheme, it would seem that the judge's hopes were to be dashed within a few years.

Texas

Oregonians were not the only people who picked up Elvick's message. Especially energetic in promoting the Redemption scheme were certain Texans, members of an extremist group known as the Republic of Texas. This group formed in late 1995, though within two years it had split into several competing factions, one of which was involved with an aggravated kidnapping and

subsequent armed standoff in the spring of 1997.

The faction of the Republic of Texas which chanced upon the Redemption scheme was that headed by "President" Jesse Enloe, and based in the Dallas-Ft. Worth area. Based on the minutes of their meetings during the summer of 1999, the two members of the group most involved with formulating and promoting the Redemption scheme were Enloe and Rice McLeod. Enloe and McLeod regularly spoke on Redemption issues throughout the summer. At the July 23 meeting, Enloe told the audience that in Idaho an automobile had been purchased using the "Acceptance for Value process." In the ensuing case, the judge dismissed the case and an FBI agent told the defendant that there was no money in the U.S. treasury and asked the man not to do it again. The dealer kept the car, but the man was not charged. At another meeting, the secretary recorded the words of McLeod urging people to "attend the seminars. Read the books. Study and understand the Frankenstein system that has been foisted upon us in place of the system our ancestors fought to create." Enloe and McLeod arranged Redemption seminars that brought attendees not only from Texas but also from far away states. Other members speaking on Redemption issues included John Hunter, Lewis Daniel, and Darrell Franks. It is clear from the minutes that Redemption was indeed the single hottest topic of the summer for this group.

The Republic of Texas may not, however, be the only group in Texas promoting the Redemption scheme. One extremist publication recently had an advertisement for The Timeline Group, selling a one-hour UCC Redemption video featuring Rhett Webster Pease for $18.00. This reportedly took place at a Freedom Seminar in Austin Texas on 9/18/99.[9]

Ohio

The Buckeye state is another state where Redemption promoters are very active. This seems to be primarily due to the activity of an extremist group based in Uniontown, Ohio, known as Right Way L.A.W.[10] This common law group is extremely active, holding seminars and meetings, not only in various towns in Ohio, but also in states across the nation. It encourages the formation of Right Way L.A.W. study groups in different areas, and such groups are known to exist as far away from Ohio as New Jersey, New Mexico, Oregon and Washington. Even as far away as Kasilof, Alaska, a tax protester received a two-year prison sentence because, on the advice of Right Way L.A.W., he had decided not to file his tax returns. Significantly, prospective members of the group must sign an application form in which they must state that they are not an agent of government and will not use or cause to be used the information shared as a basis for government action against the group or its members.

Right Way L.A.W. is led primarily by four individuals: Rick Schramm, Jack Smith, Jeanne Collins, and Mary Keane. The group very actively sells its common law materials at survivalist expositions, on the Internet, and elsewhere, so it is not surprising that it would pick up on the Redemption scheme and begin holding seminars. The only seminars known for sure to have been held by Right Way L.A.W. have been in the Pacific Northwest, but the printed material handed out at such seminars always used Ohio addresses and place names as examples, so it seems reasonable to suspect that they originated in Ohio. No names appear on the materials themselves.

However, the Redemption scheme seems to have attracted the attention not only of Right Way L.A.W., but other prominent anti-government activists in the state. Chief among these are Larry Russell and Bill Elwood, two of the leaders of the common law court movement in the state. Russell, from Canal Winchester, Ohio, a suburb of Columbus, is fresh from his 18-month sentence on escape charges. In February 1996 a Columbus police sergeant unwisely tried to serve an arrest warrant for driving without a license to Russell while Russell was at a common law

court meeting. Members got in the officer's way while Russell fled all the way to Alaska, where he was arrested while trying to cross the border into Canada. Brought back in 1997, he represented himself in court and—not surprisingly—lost, but escaped again in 1988. Apprehended three weeks later, he was finally put in jail. Bill Ellwood was the "chief justice" of the most active common law court in Ohio. According to officials at the Ohio Secretary of State's office, Russell is a repeat visitor to the office, showing new redeemers how to make the UCC filings (presumably for a fee).

Ohio has the distinction of having one of the first arrests stemming from the Redemption process. During the summer of 1999, Cleveland-area residents Joan Susan Bowman and Richard A. Lewis attempted to use sight drafts to pay for eight Cadillacs. They were arrested, charged with forgery. Police searching their apartments following the arrest found nearly twenty guns, unarmed grenades, and more than 6,700 rounds of ammunition, as well as various examples of extremist literature. According to court records, Lewis was linked to the Cuyahoga County Unorganized Militia. Interestingly, they tried to title the cars under eight different names, one of which was one Sam Davis, which could very well be both the Sam Davis active in promoting the Redemption scheme as well as the person Jesse Enloe talked about in Texas. However, Idaho prosecutors could not identify any laws that had clearly been broken, according to the Cleveland Plain Dealer, and Davis was not charged after returning the truck. Following the arrest of Bowman and Lewis, the car dealership received a packet of demands for the social security numbers and tax returns of dealership employees—presumably a preliminary step to filing a Form 8300 or other harassing maneuver. As it turns out, other car dealerships in Ohio have also been given the bogus sight drafts.

Elsewhere

The Bowman/Lewis incident in Ohio was not, however, the first arrest stemming from the Redemption scheme. That honor appears to go to Veral R. Smith of Moyie Springs, Idaho. Smith and his wife, Judy Ann Smith, were indicted in March 1999 on tax counts, but a superceding indictment issued in August 1999 included counterfeiting, resisting arrest and assault charges (against the U.S. Marshals who came to arrest him). Smith allegedly tried to use two bogus sight drafts to pay back taxes and to purchase two vehicles. Smith was convicted in October; his wife earlier pleaded guilty.

Promoters from other states are clearly active. One such is Greg Williams, a Washington resident.[11] Greg Williams has given seminars in Montana and Texas, with a cost of $125 per person, spouses free, and the entry fee generously including an edition of his book.

5. What to Do

Unless something is done to stop the spread of this scheme, it is clear that other extremists groups will jump on the bandwagon and become involved. One only has to remember how fast and far the bogus check/money order scheme of groups like Family Farm Preservation, the Montana Freemen and the Republic of Texas spread during the mid-1990s to see that schemes such as Redemption can become wildly popular among the anti-government fringe in no time at all. That result would mean more counterfeit financial instruments, more harassing paper against officials, and perhaps even the possibility of future incidents like the Montana Freeman and Republic of Texas standoffs. Clearly action needs to be taken quickly to determine the extent of this scheme, identify its leaders, and take effective legal action.

A wide variety of potential crimes are linked to this scheme. The state of Texas, whose Attorney General's office has been very alert to extremist crimes[12] issued a preliminary report on the scheme that noted possible federal violations could include mail fraud, bank fraud, counterfeiting, attempting to interfere with the administration of Internal Revenue Laws, and making false statements to federal agencies. State violations will vary by state, of course, but could include obstruction, fabricating physical evidence, and theft, among others. People interested in the experience of Texas should contact the Office of the Texas Attorney General, P.O. Box 12548, Austin, TX 78711-2548 (512) 936-1407; fax (512) 494-8283.

On the federal level, several agencies have already issued warnings, although these warnings are limited to the sight drafts and do not explain the entire scheme. The Federal Deposit Insurance Corporation warned banks about the drafts in an alert that can be found on the Internet at http://www.fdic.gov/news/news/financial/1999/fil9980.asp. It suggests that people who find such instruments alert the FBI. The source for this warning was the Office of the Comptroller of the Currency, which earlier issued its own, available at http://www.occ.treas.gov/ftp/alert/99-10.txt. It also advises informing the FBI, as well as the Office of the Comptroller of the Currency, Enforcement & Compliance Division, 250 E Street SW, Washington, DC 20219 (202) 874-4800, fax (202) 874-5301.

Also interested in the issue is the Criminal Enforcement Section of the Tax Division of the U.S. Department of Justice; contact (202) 514-5171, fax (202) 514-0961. Other federal agencies to contact would include the IRS and the U.S. Postal Inspector's Office.

Special efforts need to be made not only to prosecute civil and criminal violations, but also in terms of educating Secretary of State offices, county recorder offices, banks and lending institutions, car dealership, and all other entities and individuals who may come into contact with this far-reaching scheme. One of the reasons the scheme is popular is because to date the "establishment" has not really recognized or understood it, and certainly has presented no concerted action against it.

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[1] Sometimes also referred to as "acceptance for value."

[2] The author would like to thank the following people for assistance and information in preparing this report: the participants in the September 1999 Economic Crimes Focus Group, especially Bill Kerr, Pete Haskel, and Greg Rosen; Tod Sellars; Roy Korte; W. W. Bevens; Barbara Schultz; the Secretary of State Offices for Minnesota, Maine, Ohio, Arizona, Missouri, Pennsylvania, Nebraska and North Carolina; and those who helped but asked not to be named. The author would like to note that this is a subject he is actively investigating and would appreciate notification of interesting items or developments. His e-mail address is mark.pitcavage@worldnet.att.net, telephone (614) 487-8144, fax (614) 487-8149.

[3] The term "sovereign citizen movement" and "common law movement, " as well as "freemen" and "constitutionalist," are terms used to describe a movement with a philosophy derived from an extremist group called the Posse Comitatus which posits that there are two types of citizens: "Fourteenth Amendment citizens," who are subject to the laws and taxes of the federal and state governments; and "sovereign citizens," who are subject only to the "common law." Sovereign citizens claim that they have absolute mastery over all their property (including freedom from laws, taxes, regulations, ordinances or zoning restrictions), that they essentially do not have to pay taxes (aside from tariffs and a few other insignificant taxes); that they are not citizens of the United States but are "non-resident aliens" with respect to that "illegal corporation;" that the only

court which has jurisdiction to try them for any matter is a "common law court;" that they can never be arrested or tried for a crime or matter in which there is no complaining victim; as well as various other notions.

[4] Note: several common attributes of all extremist filings may also help to identify some of these documents. Among common practices are the following: 1) putting punctuation before one's last name, as in Franklin Delano; Roosevelt, 2) not using a zip code, including brackets around a zip code, referring to a zip code as a postal code, or other bizarre zip code practices, 3) using terms such as "sui juris" after one's name.

[5] The "transmitting utility" phrase is actually used to indicate public utilities sharing power lines, etc. In such cases, signatures are not required for both parties. This is apparently why the phrase was adopted by the Redeemers, in order to explain the presence of only one signature.

[6] Robert Kelly uses the telephone number 541-799-7709 and the address PO Box 3096, Central Point, Oregon, 97502. His magazine advertises the "Redemption Book," currently in its third printing, for $30, sent to the above address. Additionally, people may purchase the May 1999 Reno, Nevada, Redemption video set, a 4 tape set with ten hours of material, conducted largely by Samuel Davis and Les Moffet. This set costs $110 and can be ordered from American Magazine Video Productions, c/o 12162 S. W. Scholl's Ferry Rd., Suite 217, Tigard, Oregon, 97223, phone 503-590-1567. People who wanted to attend the Reno seminar were asked to leave a message at 818-955-6509.

[7] The Edge Graphics, 1089 Medford Center #401, Medford, Oregon, 97504.

[8] The American Voice, 6500 Shadow-Glen, Eagle-Point, Oregon, 97524, phone 541-826-9050, e-mail tabw@mind.net.

[9] The Timeline Group, PO Box 82541, Austin, Texas 78708, dessie.Andrews@prodigy.net.

[10] Also sometimes known as Wisdom Group, its address is 3463 Massillon Rd., #363, Uniontown, Ohio 44685, ph 330-699-1605.

[11] Phone 406-755-0116.

[12] Largely thanks to now-departed Assistant Attorney General Peter Haskel.

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Sneed v. Chase Home Finance LLC
S.D.Cal.,2007.
Only the Westlaw citation is currently available.
United States District Court,S.D. California.
Charlette SNEED, Plaintiff,
v.
CHASE HOME FINANCE LLC, First Federal Bank of California, Homeq Servicing, Countrywide, Gmac/Silverstate, Defendants.
No. 07CV0729-LAB (AJB).

June 27, 2007.

Charlette Sneed, San Diego, CA, pro se.
Sanford Shatz, Countrywide Home Loans Inc, Calabasas, CA, Christopher Ray Nelson, Epport RichmanAnd Robbins, Los Angeles, CA, for Defendants.

ORDER GRANTING DEFENDANT FIRST FEDERAL BANK OF CALIFORNIA'S MOTION TO DISMISS; and ORDER PURSUANT TO FED. R. CIV. P. 11

LARRY ALAN BURNS, United States District Judge.

*1 On April 20, 2007, Plaintiff filed her complaint, styled "Complaint to Action of Quiet Title/Lis Penden."[sic]. The caption identifies three broad theories of recovery. The first is violation of the Truth in Lending Act's Regulation Z and related statutes; the second is invasion of Title pursuant to various cited authorities, including Regulation Z. The third specifies no basis for recovery but merely mentions the International Protocol of the United Nations Convention on International Bills of Exchange and International Promissory Notes (the "U.N. Convention"), House Joint Resolution 192 [FN1] (identified as "the United States insurance policy") and the "Emergency Bankruptcy of 1933" [sic], and Am.Jur.2d 81. Plaintiff also references RICO and mentions constructive fraud, and counterfeiting of securities. In fact, the dispute apparently concerns loans secured by six parcels of real property in California and Arizona.

FN1. Plaintiff identifies this as "the United States insurance policy." It appears to refer to H.R.J. Res. 192, 73rd Cong. (1933), which deals with the standards for currency. *See United States v. Lee,* 427 F.3d 881, 888 (11th Cir.2005) (describing a letter sent to a bank, referencing House Joint Resolution 192).

On May 16, 2007, Defendant First Federal Bank of California ("First Federal") filed a motion to dismiss. On June 7, 2007, Defendant Countrywide Home Loans, Inc. ("Countrywide") filed its own motion to dismiss. No other Defendants have yet appeared in this action, nor have any other Defendants joined in First Federal's motion, which addresses Plaintiff's standing in connection with one of the properties. The Court therefore construes First Federal's motion as applying only to claims against it. Plaintiff attempted to file an opposition ten days late, just two court days before the scheduled hearing, which was rejected by discrepancy order.

I. Legal Standards

A motion to dismiss under Rule 12(b)(6) tests the sufficiency of the complaint. *Navarro v. Block,* 250 F.3d 729, 732 (9th Cir.2001). In ruling on a motion to dismiss under Rule 12(b)(6), the court must assume the truth of all factual allegations and must construe them in the light most favorable to the nonmoving party, drawing all reasonable inferences from the allegations in favor of the nonmoving party. *Cahill v. Liberty Mut. Ins. Co.,* 80 F.3d 336, 337-38 (9th Cir.1996).

However, the Court does not accept unreasonable inferences or assume the truth of legal conclusions cast in the form of factual allegations. *Ileto v. Glock Inc.,* 349 F.3d 1191, 1200 (9th Cir.2003) (citing

- U.S. ----, ---- - ----, 127 S.Ct. 1955, 1964-65, --- L.Ed.2d ----, ---- - ---- (2007) (citations, alterations, and internal quotation marks omitted).

Dismissal is warranted under Rule 12(b)(6) where the complaint lacks a cognizable legal theory. *Robertson v. Dean Witter Reynolds, Inc.*, 749 F.2d 530, 534 (9th Cir.1984); *see Neitzke v. Williams*, 490 U.S. 319, 326, 109 S.Ct. 1827, 104 L.Ed.2d 338 (1989) ("Rule 12(b)(6) authorizes a court to dismiss a claim on the basis of a dispositive issue of law.")

*2 If a motion to dismiss is granted, the court may grant leave to amend. Leave should be granted unless "the pleading could not possibly be cured by the allegation of other facts" and if it appears "at all possible that the plaintiff can correct the defect."*Lopez v. Smith*, 203 F.3d 1122, 1131 (9th Cir.2000).

Allegations asserted by parties proceeding *pro se*, "however inartfully pleaded," are held "to less stringent standards than formal pleadings drafted by lawyers."*Haines v. Kerner*, 404 U.S. 519, 519-20, 92 S.Ct. 594, 30 L.Ed.2d 652 (1972). Thus, the Court liberally construes the pleadings of *pro se* litigants. *Eldridge v. Block*, 832 F.2d 1132, 1137 (9th Cir.1987). Although the Court must construe the pleadings liberally, "[p]ro se litigants must follow the same rules of procedure that govern other litigants."*King v. Atiyeh*, 814 F.2d 565, 567 (9th Cir.1987). The Court will not supply facts Plaintiff has not pled. *See Ivey v. Board of Regents of the Univ. of Alaska*, 673 F.2d 266, 268 (9th Cir.1982).

II. Discussion

Defendant First Federal argues the complaint should be dismissed because Plaintiff has not pled facts showing either that she has standing to sue or why relief can be granted. First Federal contends Plaintiff does not own or reside in the real property located at 2402 Cullivan Street, in Inglewood, California.

First Federal offers a number of factual contentions it believes shows Plaintiff's Regulation Z theory must fail. It states: 1) its disclosure to Plaintiff was proper on its face; 2) Plaintiff has not alleged she provided written communication of her intent to rescind; 3) Plaintiff failed to offer restitution; and 4) the statute of limitations on rescission has expired. While the Court does not weigh evidence at this stage, *Cahill*, 80 F.3d at 337-38 (setting forth standard for Rule 12(b)(6) motion), the Court construes these contentions as pointing out the incompleteness of Plaintiff's factual allegations. First Federal's essential argument is that Plaintiff is committing fraud by obtaining loans secured by property then, after the property has been sold, attempting to rescind the loans and keep the money.

A. The Complaint

The complaint is largely unintelligible, consisting of unrecognizable citations and legal terminology. The citations and argument appear to duplicate the body of at least one other complaint recently filed in this district. *See, e.g., Belle v. Chase Home Finance LLC*, No. 06cv2454, 2007 WL 1518341, *1 (S.D.Cal., May 22, 2007) (describing in detail a substantially identical complaint). However, the core of the complaint in this case appears to be that Plaintiff is dissatisfied in various ways with the way the loans on the subject properties were handled, and seeks damages, rescission of the loan agreements, and return of the properties.

As Defendant First Federal correctly points out, Plaintiff has failed to plead facts showing she would be entitled under any theory to recover damages or obtain possession of the property. Plaintiff has not alleged what her relationship to the properties in question was. On the face of the complaint it is obvious none of the properties is her residence,[FN2] as would be required to invoke a consumer's right to rescind. *See*12 C.F.R. § 226.23(a) (pertaining to right of rescission, and referencing "a consumer's principal dwelling").[FN3] Furthermore, although Plaintiff alleges she rescinded the loans, she does not allege facts telling how she did so, but rather seems to assert that her rescission, however accomplished, was valid. This is too conclusory to withstand the Fed.R.Civ.P. 12(b)(6) standard.

FN2. The title page of the complaint gives Plaintiff's address in San Diego, California. None of the properties at issue in this case are located at that address, nor are any of them even in San Diego.

FN3. First Federal cites no authority for the proposition that ownership of the residence

affects jurisdictional standing. Therefore, the Court will not weigh evidence at this stage, as it would in the case of a Rule 12(b)(1) motion. *Autery v. U.S.* 424 F.3d 944, 956 (9 Cir.2005) (holding that a district court may weigh evidence on a Rule 12(b)(1) challenge to jurisdiction).

*3 Plaintiff references several international agreements or declarations, including the U.N. Convention, the International Protocol and Domicile Rule, and the Universal Declaration on Human Rights which she also refers to as the International Bill of Rights. The U.N. Convention has not been ratified by the U.S. Senate and therefore does not give rise to a cause of action. After extensive research, no International Protocol and Domicile Rule was located. Finally, the Universal Declaration of Human Rights is a declaration by the United Nations, not a treaty. *Tel-Oren v. Libyan Arab Republic*, 726 F.2d 774, 818,(D.C.Cir.1984) (citing authority for the principle that the Universal Declaration on Human Rights "is not a treaty; it is not an international agreement. It is not and does not purport to be a statement of law or of legal obligation.") Although the United States voted for it, the Universal Declaration on Human Rights does not support Plaintiff's cause of action.

In short, the complaint does not state a claim against Defendant First Federal.

B. Fed.R.Civ.P. 11 Notice

Plaintiff's allegations concerning the loans appear to be contradictory. She alleges both that Defendants never loaned anything of value (Complaint at 7:21-8:3 ("[T]here is evidence that [Defendants] never loaned anything to Charlette Sneed ...."); *id.* at 10:15-16 ("[N]o lawful money was lent to the Plaintiff."); *id.* at 11:13-14 (suggesting Defendants lent counterfeit securities)) and also that payment of the loan in full was attempted (*id.* at 7:17-20 ("[A] payment in full was dishonored by [Defendants] ....") The nature of the alleged business relationship, where nothing of value was lent but where Plaintiff attempted to repay the loan anyway, is never explained.

The resolution of this paradox appears to be that Plaintiff does not recognize U.S. Federal Reserve notes as legal tender (or "lawful money," as she terms it). Plaintiff repeatedly either implies or asserts that Defendants did not lend lawful currency. (Complaint at 5:1-6:2 (giving H.R. J. Res. 192, 73rd Cong. (1933) as the basis for identifying the loans as faulty); *id.* at 11:13-14 (accusing Defendants of depositing counterfeit securities into her account); *id.* at 13:2-15 (alleging Defendants should have disclosed the fact that they were not lending "lawful money," and asserting that pursuant to U.S. Const. Art I, § 10, cl. 1, "the only lawful tender is gold and silver coin"); *id.* at 14:21-22 (arguing the U.S. Constitution prohibits dealing in "Bills of credit")). In particular, Plaintiff reveals her thinking in a boldface paragraph citing what purport to be cases of Minnesota state courts [FN4] for the proposition that "Federal Reserve Notes [are] fiat money and not legal tender ...." (*Id.* at 14:4-11 .)

FN4. Plaintiff identifies these cases as *Jerome Daly v. First National Bank of Montgomery, Minn.*, and *Justice Martin v. Mahoney Credit River Township*, December 7-9, 1968. In fact, these appear to be unreported decisions with garbled captions. *Martin v. Mahoney* was a justice of the peace of Scott County, Minnesota who, together with attorney Jerome Daly, was the subject of prohibition and contempt proceedings in the Minnesota Supreme Court in 1969. *See In re Daly*, 171 N.W.2d 818, 820, 284 Minn. 567, 567 (Minn.1969).

Pursuant to Fed.R.Civ.P. 11, the Court hereby admonishes Plaintiff that these arguments are legally frivolous. It has long been established that Federal Reserve Notes are legal tender and that legal tender need not consist of silver or gold coin. *See generally Norman v. Baltimore & Ohio R. Co.*, 294 U.S. 240, 303, 55 S.Ct. 407, 414, 79 L.Ed. 885 (1935) (explaining the validity and effect of federal acts providing for the issuance of currency, and affirming the status of Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations as legal tender); *Foret v. Wilson*, 725 F.2d 254, 254-55 (5th Cir.1984) ("[The] argument, that only gold and silver coin may be constituted legal tender by the United States, is hopeless and frivolous, having been rejected finally by the United States Supreme Court one hundred years ago.") (citing *Juilliard v. Greenman*, 110 U.S. 421, 4 S.Ct.

122, 28 L.Ed. 204 (1884)). Furthermore, it is equally well-established that checks or other instruments redeemable for Federal Reserve notes have value. *United States v. Wangrud*, 533 F.2d 495, 495 (9th Cir.1976) (affirming conviction of defendant who refused to pay taxes on the grounds that he received checks, not money, and noting that defendant's arguments had "absolutely no merit.") Finally, U.S. Const., § 10, cl. 1 merely restricts the powers of states, not the federal government, to issue money. Although Plaintiff is proceeding *pro se*,Rule 11 applies to her. Should she continue to offer frivolous arguments, she will be subject to sanctions.

*4 Furthermore, the Minnesota cases cited by Plaintiff are not only unreported, but they have been vacated by the Minnesota Supreme Court in reported decisions. *See In re Daly*, 284 Minn. 567, 171 N.W.2d 818;*Zurn v. Northwestern Nat. Bank of Minneapolis*, 170 N.W.2d 600, 284 Minn. 573 (Minn.1969); *Daly v. Savage State Bank*, 171 N.W.2d 218, 218, 285 Minn. 503, 503 (Minn.1969). Plaintiff is hereby admonished she must not cite any decision under which Justice Martin Mahoney purported to question the validity of federal currency or the Constitutionality of the Federal Reserve Act, nor may she cite any opinion or decision as authoritative which no longer has authoritative status.

Plaintiff's rejected late opposition to First Federal's motion to dismiss consists almost entirely of similar arguments and references to similar purported authorities; thus, even if it had been timely and accepted for filing, the opposition would not have been pertinent.

III. Conclusion and Order

For the preceding reasons, all claims against Defendant First Federal are hereby **DISMISSED WITHOUT PREJUDICE.**Plaintiff is directed to review Fed.R.Civ.P. 11. In view of the lateness of Plaintiff's attempted filing of her opposition, and the condition of the document, Plaintiff is directed to review Civil Local Rules 5.1(a) and 7.1(e).

IT IS SO ORDERED.

S.D.Cal.,2007.
Sneed v. Chase Home Finance LLC
Slip Copy, 2007 WL 1851674 (S.D.Cal.)

END OF DOCUMENT

C

Copeland v. Ocwen Bank, FSB
E.D.Mich.,2007.
Only the Westlaw citation is currently available.

United States District Court,E.D.
Michigan,Southern Division.
Elizabeth COPELAND, Plaintiff,
v.
OCWEN BANK, FSB, et al., Defendants.
No. 06-14817.

Feb. 12, 2007.

Elizabeth Copeland, Detroit, MI, pro se.
David G. Marowske, Amy E. Muszall, Brian A. Potestivo, Potestivo Assoc., Rochester, MI, for Defendants.

OPINION & ORDER

SEAN F. COX, United States District Judge.
***1** Acting *pro se,* Plaintiff Elizabeth Copeland ("Plaintiff") filed this action on September 1, 2006. The matter is currently before the Court on Defendants' "Motion To Dismiss Or, In The Alternative, For Summary Judgment," filed on November 2, 2006. A hearing was held on February 8, 2007. For the reasons that follow, Defendants' motion shall be **GRANTED** and Plaintiff's complaint shall be dismissed.

BACKGROUND

Plaintiff filed this action on September 1, 2006, against Defendants Ocwen Bank, FSB, Ocwen Loan Servicing, LLC (collectively "Ocwen"), and Potestivo & Associates, P.C. ("Potestivo"). Plaintiff's *pro se* complaint contains the following counts: "Breach of Agreement" (Count I); "Fraudulent Concealment" (Count II); "Fraud in the Factum" (Count III); and "Non-Bona Fide Signatures and Original Promissory Note" (Count IV).

In Count I of Plaintiff's Complaint (claim for breach of agreement) Plaintiff asserts as follows:

14. That Plaintiff was led to believe Defendant was providing her lawful United States dollars pursuant to their negotiations. Federal Reserve Notes are unlawful by the constitution of the United States.

15. That Defendant presented Plaintiff with a promissory note wherein which Defendant Used to create a liability for themselves instead of an asset evidencing they did not loan Plaintiff any money. Promissory notes create intrinsic value.

16. That instead of Plaintiff being the borrower, the bank became the borrower from Plaintiff and there was not an agreement for Plaintiff to provide a loan to the bank. Plaintiff demands to see the original promissory note with the allonge on the Bank.

17. That the bank used the note to engage in a criminal act giving Plaintiff illegal Consideration and breaching the agreement. The bank didn't record the promissory note as a deposit as determined by the General Accepted Accounting Practices (GAAP).

(Pl.'s Compl. at ¶¶ 14-17).

In Count II of Plaintiff's Complaint (claim for fraudulent concealment), Plaintiff asserts as follows:

19. That Plaintiff has requested the original promissory note be produced and Defendant has Failed or refused to produce and verify the existence of the original not [sic] upon which it asserts its property interest. Without the note being produced there is no evidence of a loan.

20. That Defendant has failed or refused to disclose the true source of funds used by it to Purchase the promissory note. Gold and silver coins are the only lawful money to purchase the promissory note pursuant to the Coinage Act of April 2, 1792.

21. The Defendant has refused to disclose the cur-

EXHIBIT G

rent whereabouts of the original Note. This is necessary to determine who should be compensated.

22. That Defendant misrepresents the source of funding for the note they insisted on. The Bank creates money by the ledger entries.

23. That Defendant is concealing material facts relevant to the alleged loan upon which they are attempting to justify their property interest. The U.S. Supreme Court has ruled that the Federal Reserve System cannot lawfully create money.

*2 (Pl.'s Compl. at ¶¶ 19-23).

In Count III of Plaintiff's Complaint (claim for fraud in the factum), Plaintiff asserts the following:

25. That there was misrepresentation as to the nature of the writing the Plaintiff was told to sign pursuant to the alleged agreement, Plaintiff having neither knowledge nor a reasonable opportunity to obtain knowledge of its true character or essential terms.

26. That Plaintiff was never informed that the promissory note was to be used by Defendant to obtain loans from and to be sold to other parties using Plaintiff's signature to facilitate the creation of money in Defendant's account. The U.S. Constitution defines lawful money at Article I, Section 8, clause 5 and Article I, Section 10, clause 1 as Gold and/or Silver coin only. Neither the Unites States Constitution nor the coinage Act of April 2, 1792 has been repealed.

(Pl.'s Compl. at ¶¶ 25-26).

In Count IV of Plaintiff's Complaint, titled "Non-Bona Fide Signatures and Original Promissory Note," Plaintiff asserts:

28. That Plaintiff has no [sic] numerous occasions requested Defendant provide the original promissory note with an original signature.

29. That Defendant does not possess a promissory note with Plaintiff original signature.

30. That an alleged copy or a signature is not sufficient.

31. That the original promissory note, front and back, associated with the loan is to be produced.

32. That any alleged note, front and back, affixed to be borrower's promissory note for endorsement must be produced.

33. That due process mandates the production of the requested originals, to protect against fraud, theft or, deception.

(Pl.'s Compl. at ¶¶ 28-33).

On November 2, 2006, Defendants filed the instant "Motion To Dismiss Or, In The Alternative, For Summary Judgment" [Docket Entry No. 4]. A proof of service, filed along with the Motion indicates that Plaintiff was served with the motion and accompanying brief.

Pursuant to Rule 7.1(b) of the Local Rules for the United States District Court for the Eastern District of Michigan, a party "opposing a motion must file a response, including a brief and supporting documents then available."Rule 7.1(d) further provides that a response to a dispositive motion must be filed within 21 days after service of the motion.

Because Defendants' motion was filed on November 2, 2006, if Plaintiff opposed the motion she was required to file a Response Brief in opposition to the motion no later than November 23, 2006. Plaintiff, however, did not file a brief opposing the motion.

On November 20, 2006, the Court issued a "Notice Setting Motion Hearing" [Docket Entry No. 9] to the parties that advised the parties that Defendant's motion would be heard by the Court on February 8, 2007, at 2:00 p.m.

ANALYSIS

In their motion, Defendants assert that Plaintiff's complaint should be dismissed: 1) pursuant to FED. R. CIV. P. 12(b)(6) for failure to state a claim; 2) pursuant to FED. R. CIV. P. 9(b) for failure to allege fraud with particularity; and 3) for failure to properly serve Defendants. Alternatively, Defendants assert that the Court should grant summary judgment in their favor pursuant to FED. R. CIV. P. 56 because: 1) Potestivo owes no contractual duty to Plaintiff and Plaintiff therefore cannot maintain a breach of contract action against it; 2) Plaintiff's fraud allegations are groundless; 3) Plaintiff's allegations as to the validity of federal reserve notes is frivolous and made in bad faith and have merely been copied from nearly identical complaints filed across the country.[FN1]

> FN1. Defendants' motion also recognizes that Plaintiff's Complaint makes scattered references to the Uniform Commercial Code and various statutory provisions and asserts that, to the extent Plaintiff is asserting any claims under the UCC or those provisions, such claims fail legally and factually.

*3 At the February 8, 2007 hearing, Plaintiff was asked to respond to the grounds raised in Defendant's motion. Plaintiff's only response was that she felt she was not given fairness with respect to her house, which she apparently lost in foreclosure. Plaintiff had no response to the various grounds for dismissal asserted in Defendant's motion.

A. *Plaintiff's Complaint Fails To State A Claim.*

Even with the more liberal construction accorded a *pro se* litigant's complaint, it is well established that the complaint must still set forth some cognizable claim and that conclusory pleadings are insufficient and will be dismissed. *Chapman v. Tennessee Dept. of Corrections,* 817 F.2d 104, WL 1987 37265 (6th Cir.1987). A complaint fails to state a claim where it lacks "either direct or inferential allegations respecting all the material elements to sustain a recovery under *some* viable legal theory." *Scheid v. Fanny Farmer Candy Shops, Inc.,* 859 F.2d 434, 436 (6th Cir.1988).

Basic pleading requirements are not abrogated in *pro se* suits. *Wells v. Brown,* 891 F.2d 591, 594 (6th Cir.1990). Even *pro se* litigants must meet minimum standards, which include pleading their claims with requisite specificity so as to give defendants notice of the claims asserted against them. *Id.* The court is "not required to accept non-specific factual allegations and inferences or unwarranted legal conclusions." *Hendrock v. Gilbert,* 68 Fed. Appx. 573, 574 (6th Cir.2003).

Under Michigan law, the essential elements of a breach of contract claim are: 1) the existence of a valid and enforceable contract between the parties, 2) the terms of the contract, 3) that defendant breached the contract, and 4) that the breach caused the plaintiff injury. *Timmis v. Sulzer Intermedics, Inc.,* 157 F.Supp.2d 775, 777 (E.D.Mich.2001) (citing *Webster v. Edward D. Jones & Co., L.P.,* 197 F.3d 815, 819 (6th Cir.1999)).

The elements constituting actionable fraud are also well settled and include: 1) a material misrepresentation by defendant, 2) that was false, 3) that defendant knew to be false when made, 4) that defendant made with the intention that it should be acted upon by plaintiff, 5) that plaintiff acted in reliance upon it, and 6) that plaintiff thereby suffered injury. *Timmis, supra,* at 778 (citing *Hi-Way Motor Co. v. International Harvester Co.,* 398 Mich. 330, 336, 247 N.W.2d 813 (1976)).

Plaintiff's Complaint lacks allegations respecting all the material elements of her breach of contract and fraud claims. Moreover, the Court is satisfied that Plaintiff's only other remaining count, titled "Non-Bona Fide Signatures and Original Promissory Note," fails to state a legally cognizable claim as drafted.

Accordingly, Plaintiff's claims must be dismissed pursuant to FED. R. CIV. P. 12(b)(6).

B. *Plaintiff Has Failed To Plead Fraud With Particularity.*

Assuming *arguendo* that Plaintiff had alleged the essential elements of her fraud claims, those claims would still be subject to dismissal pursuant to FED. R. CIV. P. 9(b) because Plaintiff has failed to allege those claims with particularity.

*4 "Pursuant to Federal Rule of Civil Procedure 9(b), in any complaint averring fraud or mistake, 'the circumstances constituting fraud or mistake shall be stated with particularity.' " *Yuhasz v. Brush Wellman, Inc.*, 341 F.3d 559, 563 (6th Cir.2003). "The Sixth Circuit interprets Rule 9(b) as requiring plaintiffs to 'allege the time, place, and content of the alleged misrepresentation on which he or she relied; the fraudulent scheme; the fraudulent intent of the defendants; and the injury resulting from the fraud.' " *Id.* (citing *Coffey v. Foamex L.P.*, 2 F.3d 157, 161-62 (6th Cir.1993)).

Plaintiff's Complaint contains only general accusations of fraud, with virtually no supporting facts alleged. Indeed, Plaintiff's Complaint does not even identify which of the three named defendants is the subject of her fraud claims, let alone the identify of any representative(s) of that entity who made any fraudulent statement(s). The Complaint also fails to allege the content of the alleged fraudulent statement(s), and the injury that Plaintiff allegedly incurred. Accordingly, Plaintiff has failed to plead her fraud claims with particularity, requiring dismissal of those claims.

Given that the Court is dismissing all claims pursuant to FED. R. CIV. P. 9(b) and 12(b)(6), the Court need not address Defendants' alternative grounds seeking summary judgment pursuant to FED. R. CIV. P. 56.[FN2]

FN2. The Court also notes that at the February 8, 2007 hearing, Plaintiff presented counsel and the Court with copies of what appears to be a form requesting a stay of this action due to bankruptcy, which has not been filed in this action. To the extent that Plaintiff intends to seek a stay of this action due to a bankruptcy filing, the Court considers such a request moot given the Court's disposition of Defendant's motion.

CONCLUSION & ORDER

For the reasons set forth above, **IT IS ORDERED** that Defendants' Motion for Summary Judgment [Docket Entry No. 4] is hereby **GRANTED** and Plaintiff's Complaint is **DISMISSED.**

IT IS SO ORDERED.

E.D.Mich.,2007.
Copeland v. Ocwen Bank, FSB
Slip Copy, 2007 WL 496448 (E.D.Mich.)

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Carrington v. Federal Nat. Mortg. Assoc.
E.D.Mich.,2005.
Only the Westlaw citation is currently available.
United States District Court,E.D. Michigan, Southern Division.
Dione Richard CARRINGTON, Moorish International, Plaintiff,
v.
FEDERAL NATIONAL MORTGAGE ASSOC. and Mortgage Electronic Registration Systems, Inc., Defendants.
No. 05-CV-73429-DT.

Nov. 29, 2005.

Dione Richard Carrington, Detroit, MI, pro se.
Gregory R. MacKay, Trott & Trott, Bingham Farms, MI, for Defendants.

ORDER GRANTING DEFENDANTS' "MOTION TO DISMISS PLAINTIFF'S COMPLAINT PURSUANT TO RULE 12(B)(6) FOR FAILURE TO STATE A CLAIM UPON WHICH RELIEF CAN BE GRANTED"

CLELAND, J.
*1 Pending before the court is Defendants' unopposed "Motion To Dismiss Plaintiff's Complaint Pursuant to Rule 12(b)(6) For Failure to State A Claim Upon Which Relief Can Be Granted."Having reviewed the motion, the court concludes that a hearing is unnecessary. E.D. Mich. LR 7.1(e)(2). For the reasons set forth below, the court will grant Defendants' motion.

I. BACKGROUND

On February 27, 2003, Plaintiff Dione Richard Carrington [FN1] gave a mortgage to Defendant Mortgage Electronic Registration Systems, Inc. ("MERS") relating to the property commonly known as 301 Chandler, Detroit, Michigan 48202. (Defs.' Mot. at Ex. A.) On the same day, Plaintiff signed a note reflecting a debt of $100,000, which was secured by the mortgage. (*Id.* at Ex. B.) Plaintiff did not make the required monthly payments after May 2003. The matter then went to non-judicial foreclosure. Defendant MERS purchased the property at a sheriff's sale on September 15, 2004. The sheriff's deed was transferred via quit claim deed to the Federal National Mortgage Association ("Fannie Mae") on January 27, 2005 and recorded on February 15, 2005 in the Wayne County Register of Deeds. (*Id.* at Exs. C and D.) After Plaintiff held over possession of the property, Fannie Mae filed an action to take possession of the subject property after expiration of the redemption period, which resulted in a judgment of possession on or around June 10, 2005.[FN2] (*Id.* at Ex. E.) Plaintiff filed an appeal on June 13, 2005, case number 05-517345 AV, in Wayne County Circuit Court, which resulted in a dismissal due to Plaintiff's failure to enter and file an appeal brief. (*Id.* at Exs F and I.) Plaintiff then filed a complaint to quiet title in Wayne County Circuit Court, case number 05-525301 CH, on August 26, 2005. (*Id.* at Ex. G.) The case was properly removed to this court on September 6, 2005.

FN1. Plaintiff signed his complaint as "Mr. Dione R. Carrington, in pro per," although he sometimes also appears to refer to himself (including in the case caption) by his name followed by the appendix, "Moorish International." The significance of this phrase is unclear.

FN2. Defendants assert that the judgment of possession was issued on 6/13/05, however, the judgment (Defs.' Mot. at Ex. E) has the date 6/10/05 in the upper right hand corner.

In his four-count complaint, Plaintiffs asks that his debt relating to the property commonly known as 301 Chandler, Detroit, Michigan 48202 be discharged. (Compl. at ¶¶ 3-33.) Plaintiff asserts that

EXHIBIT H

"the bank used the [promissory] note [created by the transaction between the two parties] to engage in an criminal act giving Plaintiff illegal consideration and breaching the agreement."(*Id.* at ¶ 18.)Specifically, Plaintiff complains that "Defendant has failed or refused to disclose the true source of funds used by it to purchase the promissory note. Gold and silver coins are the only lawful money to purchase the promissory note pursuant to the Coinage Act of April 2, 1792."(*Id.* at ¶ 21.)Plaintiff asserts that "Defendant misrepresents the source of funding for the note they insisted on[;] the bank creates money by the ledger entries" and that he was never told that "the promissory note was to be used by Defendant ... to facilitate the creation of money in Defendants [']account." (*Id.* at ¶¶ 23-27.)Defendants filed their motion to dismiss on September 23, 2005. Plaintiff has not filed a response to Defendants' motion.

II. STANDARD

*2 In ruling on a motion to dismiss under Rule 12(b)(6) of the Federal Rules of Civil Procedure, the court must construe the complaint in a light most favorable to the plaintiff, accept all the factual allegations as true, and determine whether the plaintiff undoubtedly can prove no set of facts in support of his claims that would entitle him to relief. *Sistrunk v. City of Strongsville,* 99 F.3d 194, 197 (6th Cir.1996); *Kline v. Rogers,* 87 F.3d 176, 179 (6th Cir.1996); *Wright v. MetroHealth Medical Center,* 58 F.3d 1130, 1138 (6th Cir.1995). When an allegation is capable of more than one inference, it must be construed in the plaintiff's favor. *Columbia Natural Resources, Inc. v. Tatum,* 58 F.3d 1101, 1109 (6th Cir.1995); *In re DeLorean Motor Co.,* 991 F.2d 1236, 1240 (6th Cir.1993); *Mayer v. Mylod,* 988 F.2d 635, 638 (6th Cir.1993). Hence, a judge may not grant a Rule 12(b)(6) motion based on a disbelief of a complaint's factual allegations. *Wright,* 58 F.3d at 1138;*Columbia Natural Resources, Inc.,* 58 F.3d at 1109.

Though decidedly liberal, this standard of review does require more than the bare assertion of legal conclusions. *Lillard v. Shelby County Bd. of Educ.,* 76 F.3d 716, 726 (6th Cir.1996); *LRL Properties v. Portage Metro Hous. Auth.,* 55 F.3d 1097, 1100-01 (6th Cir.1995). The complaint should give the defendant fair notice of what the plaintiff's claim is and the grounds upon which it rests. *Gazette v. City of Pontiac,* 41 F.3d 1061, 1064 (6th Cir.1994)."In practice, 'a ... complaint must contain either direct or inferential allegations respecting all the material elements to sustain a recovery under *some* viable legal theory." ' *Lillard,* 76 F.3d at 726 (emphasis in original) (quoting *Scheid v. Fanny Farmer Candy Shops, Inc.,* 859 F.2d 434, 436 (6th Cir.1988)).

III. DISCUSSION

Plaintiff is protesting the payment of his debt based on allegations that the nation's banking system created money by its ledger entries and that the money needed to be paid in gold and silver coins. This contention is patently meritless and has been universally rejected by numerous federal courts. *See, e.g., United States, v. Whitesel,* 543 F.2d 1176, 1181 (6th Cir.1976) (citing *United States v. Daly,* 481 F.2d 28, 30 (8th Cir.) (1973) ("[The defendant's] apparent thesis is that the only 'Legal Tender Dollars' are those which contain a mixture of gold and silver and that only those dollars may be constitutionally taxed. This contention is clearly frivolous."); *Birkenstock v. Comm'r of Internal Revenue,* 646 F.2d 1185, 1186 (7th Cir.1981) (Taxpayer's argument that his wages were not backed by gold dollars was "wholly lacking in merit"); *United States v. Schmitz,* 542 F.2d 782, 785 (9th Cir.1976) ("Federal Reserve Notes constitute legal tender" and the defendant's argument that "because Federal Reserve Notes are not presently payable either in gold or silver they are not taxable dollars" is "without merit.") In a nearly identical case, the Northern District of Indiana rejected the plaintiff's claim as "absurd." *Nixon v. Individual Head of St. Joseph Mortg. Co.,* 615 F.Supp. 898 (N.D.Ind.1985). The *Nixon* court stated

*3 [T]his lawsuit smacks of bad faith on the part of the plaintiff. [The plaintiff] obtained the check in September, 1981 and used it to purchase his residence. In late 1984, after the Mortgage Company begins proceedings to foreclose the mortgage, [the plaintiff] suddenly files this suit seeking in effect to have the loan with which he obtained his residence declared illegal so as to back out of his contractual promise to pay on the loan. He has enjoyed the fruits of what the Mortgage Company's check bought, yet seeks to nullify that check on the basis of an absurd view that bank or mortgage company checks are worthless attempts to create "illegal tender." [The plaintiff's] own experience in getting a residence with the check indicates that the market place recognizes the value of "credit and checkbook money," so that [the plaintiff] has suffered no damages and has no valid claim to advance here.

Id. at 900-01.

Plaintiff's contentions relating to the validity of the United States monetary system and the way in which banks "create" money, arguments that have repeatedly been found to be without merit. His presentation is fundamentally absurd and obviously frivolous. It is a claim stated in bad faith. The facts as alleged by Plaintiff do not state a valid claim for which relief may be granted and Plaintiff's complaint will be dismissed.

As an additional point, the court notes that under the *Rooker-Feldman* doctrine, inferior federal courts lack authority to perform appellate review of state court decisions. *See, e.g., Hart v. Comerica Bank,* 957 F.Supp. 958, 968-70 (E.D.Mich.1997) (describing the *Rooker-Feldman* doctrine).

The *Rooker-Feldman* doctrine originated in two Supreme Court cases, *Rooker-Fidelity Trust Co.,* 263 U.S. 413, 44 S.Ct. 149, 68 L.Ed. 362 (1923) and *District of Columbia Court of Appeals v. Feldman,* 460 U.S. 462, 103 S.Ct. 1303, 75 L.Ed.2d 206 (1983). The doctrine holds that lower federal courts do not have jurisdiction to review challenges to state court decisions, because such reviews may only be had in the Supreme Court pursuant to 28 U.S.C. § 1257. *Tropf v. Fidelity Nat. Title Ins. Co.,* 289 F.3d 929, 936 (6th Cir.2002). The Supreme Court recently reaffirmed the doctrine, holding that the doctrine applies to "cases brought by state-court losers complaining of injuries caused by state-court judgments rendered before the district court proceedings commenced and inviting district court review and rejection of those judgments." *Exxon Mobil Corporation v. Saudi Basic Indus. Corp.,* ---U.S. ----, ----, 125 S.Ct. 1517, 1521-22, 161 L.Ed.2d 454 (2005). As Plaintiff's complaint is nearly a perfect duplicate of his appeal filed in state court that was ultimately dismissed (Defs.' Mot. at Ex. I), the Rooker-Feldman doctrine would make the federal court's consideration of his claim improper.

IV. CONCLUSION

IT IS ORDERED that Defendants' "Motion to Dismiss Plaintiff's Complaint Pursuant to Rule 12(b)(6) For Failure to State A Claim Upon Which Relief Can Be Granted" [Dkt. # 2] is GRANTED.

*4 IT IS FURTHER ORDERED that Plaintiff's Complaint is DISMISSED WITH PREJUDICE.

I hereby certify that a copy of the foregoing document was mailed to counsel of record on this date, November 29, 2005, by electronic and/or ordinary mail.

E.D.Mich.,2005.
Carrington v. Federal Nat. Mortg. Assoc.
Not Reported in F.Supp.2d, 2005 WL 3216226 (E.D.Mich.)

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